

conditioning systems were non-operational in municipal buildings housing key city staff in three of the Cities of Promise, leaving public employees to work in harsh and unproductive conditions.

Due to the abrupt cancellation of this grant, Clean Energy Coalition had completed only 20 percent of the energy efficiency upgrades, leaving several of the cities without operational HVAC systems, many contractors in the lurch, and many municipalities without hope for near-term solutions. In some cities, where work on both Cities of Promise and other grant-funded projects were being performed together, contractors walked off their jobs due to the loss of this funding. In other cities, hundreds of thousands of dollars worth of purchased materials still wait in warehouses because no money exists to complete the necessary construction.

Statewide Benefit: Job Stability, Creation, and Growth

Through implementing the Cities of Promise project, Clean Energy Coalition brought significant job growth to Michigan. We engaged and employed a variety of Michigan-based contractors, ranging from architects to energy auditors to construction and engineering firms. Clean Energy Coalition pursued opportunities to purchase Michigan-made energy efficiency and renewable energy products where feasible, creating jobs for local clean energy manufacturers. Construction projects including HVAC system upgrades, lighting retrofits, window sealing and reglazing, solar array installations, and building shell improvements kept money flowing through contractors based across the state, helping spur growth in this industry and drive innovation in Michigan's emerging green jobs sector. By utilizing U.S. Department of Energy employment calculations, Clean Energy Coalition has estimated that over 100 jobs would have been created through the fully-funded Cities of Promise project. In these challenging economic times, with so many already out of work, it seems hard to believe that we could not view this as a priority.

Conclusion: Amend HB 5190

I am certainly appreciative of the fact that the House Energy & Technology Committee has arrived at an immediate solution for fuel assistance provision this heating season. However, in arriving at this solution, the cancelled contracts for low-income energy efficiency work have been slighted. In my conversations with numerous legislators since this situation began, I have been repeatedly told that the work we were performing with Michigan's Cities of Promise is duplicative of efforts undertaken through the utility Energy Optimization programs. The implied point being that if we cease to do this work, as we have, it will easily be replaced by utility programming if it hasn't already. This is quite simply not the case. In a state with a troubled economy, our organization was working with the most troubled communities. These communities do not have the resources, in terms of staff, time, or money, to work at the bar set by energy optimization programming. Nor are their needs at a level where energy optimization programming can suffice. The vital technical assistance we were providing to these communities was performed in a cost effective, proactive, and financially sustainable manner. I implore that you consider amending the proposed bill to include language that allows for the continuation of these energy efficiency projects: both those that were underway when the Court of Appeals issued its judgment, and those that had been approved for contracts starting in October of this year as recognized in published MPSC Opinions & Orders.

Thank you for the opportunity to speak today, for considering my request, and for your diligent work on behalf of Michigan's low-income citizens and communities.



**Testimony Before The Michigan House Energy & Technology Committee
Cities of Broken Promises: Amend HB 5190**

December 6, 2011

By Sean Reed, Executive Director, Clean Energy Coalition

Introduction

Chairman Horn and distinguished members of the committee, thank you for the opportunity to testify on behalf of Clean Energy Coalition and Michigan's Cities of Promise. My name is Sean Reed. I am the founder and executive director of Clean Energy Coalition, a Michigan-based, non-profit, non-partisan organization dedicated to promoting clean energy technologies as a way to create healthier, energy independent communities. Since its launch in 2005, Clean Energy Coalition has managed innovative energy efficiency, renewable energy, and clean transportation projects valued at more than \$60 million that have helped to create over 600 Michigan jobs.

When I last appeared before this Committee, I came to advocate for the passage of House Bill 5008. This bill would allow the Michigan Public Service Commission (MPSC) to continue its management of the Low Income & Energy Efficiency Fund, as it has done for over a decade. Unfortunately, this is not the path that this Committee has chosen to pursue. In light of your current course, I am providing testimony to urge you to amend House Bill 5190 to allow for the inclusion of dedicated funding for energy efficiency contracts previously awarded by the MPSC. The language in House Bill 5190, as it is currently stated, does not allow for these contracts to carry forward to the tremendous detriment of job stability, creation, and growth in Michigan's valuable energy efficiency and renewable energy industry.

About Clean Energy Coalition's Cities of Promise Program

Clean Energy Coalition was awarded a \$4.4-million grant from the MPSC (Case No. U-13129, Grant No. PSC-10-22) at the end of 2009 to develop and implement a clean energy program in each of Michigan's eight Cities of Promise. These cities include: Benton Harbor, Detroit, Flint, Hamtramck, Highland Park, Muskegon Heights, Pontiac, and Saginaw. In June of 2011, the MPSC issued an Opinion and Order awarding Clean Energy Coalition a Michigan Energy Efficiency grant in the amount of \$5 million (Case No. U-13129, Grant No. PSC-12-11) to continue the program and to expand its reach to include financially stressed communities that had been appointed an Emergency Financial Manager. The first round of grant funding was midway through implementation when it was abruptly cancelled on Aug. 19, 2011 as a result of a decision of the Michigan Court of Appeals which ruled that the MPSC did not have the authority to manage the Low Income & Energy Efficiency Fund.

Energy efficiency and renewable energy projects that were planned or underway were expected to save these cities more than \$420,000 **annually** if they had been realized. Projections for multiplied savings over time suggested that in 10-15 years participating cities would experience significant cost savings, including savings that would have been directed to city general funds over time.

Through its Cities of Promise program, Clean Energy Coalition invested in projects that not only provided strong energy-saving potential but also bettered the plight of city staff and the general public. In the Cities of Promise, infrastructure is crumbling, systems are deteriorating if not already defunct, and issues of human welfare have to be addressed. Heating and air